

Combined Utility System Fund
For the period ended September 30, 2005
(amounts expressed in thousands)

	Unaudited Preliminary FY2005	FY2006				
		Adopted Budget	Current Budget	YTD	Controller's Projection	F&A Projection
Operating Revenues						
Water Sales	\$ 304,459	\$ 313,361	\$ 313,361	\$ 91,357	\$ 313,361	\$ 313,361
Sewer Sales	288,459	302,653	302,653	82,655	302,653	302,653
Penalties	4,605	4,005	4,005	1,332	4,005	4,005
Other	4,583	4,078	4,078	1,188	4,078	4,078
Total Operating Revenues	<u>602,106</u>	<u>624,097</u>	<u>624,097</u>	<u>176,532</u>	<u>624,097</u>	<u>624,097</u>
Operating Expenses						
Personnel	114,377	130,480	130,480	28,674	119,153	119,153
Supplies	29,313	29,107	29,107	6,150	30,330	30,330
Electricity and Gas	49,825	52,421	52,421	13,256	52,421	52,421
Contracts & Other Payments	90,838	100,583	100,564	12,773	96,014	96,014
Non-Capital Equipment	1,011	1,468	1,487	129	1,487	1,487
Total Operating Expenses	<u>285,364</u>	<u>314,059</u>	<u>314,059</u>	<u>60,982</u>	<u>299,405</u>	<u>299,405</u>
Operating Income (Loss)	<u>316,742</u>	<u>310,038</u>	<u>310,038</u>	<u>115,550</u>	<u>324,692</u>	<u>324,692</u>
Nonoperating Revenues (Expenses)						
Interest Income	10,560	5,300	5,300	3,372	13,127	13,127
Sale of Property, Mains and Scrap	1,035	808	808	565	808	808
Other	9,525	7,614	7,614	1,564	7,491	7,491
Other Financing Sources - Pension Bond	0	0	0	0	0	0
Gain on escrow restructure	31,838	0	0	0	0	0
Gross Revenue Contrib. from Water Auth.	0	0	0	0	0	0
Impact Fees	15,497	14,000	14,000	6,395	14,000	14,000
CIP Salary Recovery	0	3,140	3,140	0	1,345	1,345
HAWC	(1,677)	(9,075)	(9,075)	0	(5,375)	(5,375)
CWA & TRA Contracts (P & I)	(31,546)	(32,219)	(32,219)	(12,617)	(32,219)	(32,219)
Total Nonoperating Rev (Exp)	<u>35,232</u>	<u>(10,432)</u>	<u>(10,432)</u>	<u>(721)</u>	<u>(823)</u>	<u>(823)</u>
Income (Loss) Before Operating Transfers	<u>351,974</u>	<u>299,606</u>	<u>299,606</u>	<u>114,829</u>	<u>323,869</u>	<u>323,869</u>
Operating Transfers						
Debt Service Transfer	188,270	232,730	232,730	29,153	232,730	232,730
Transfer to PIB - Water & Sewer	27,822	26,282	26,282	9,294	26,282	26,282
Discretionary Debt	0	1,605	1,605	75	5,516	5,516
Equipment Acquisition	11,090	13,357	13,357	1,671	13,357	13,357
Transfer to Stormwater	30,000	31,300	31,300	2,145	31,300	31,300
Total Operating Transfers	<u>257,182</u>	<u>305,274</u>	<u>305,274</u>	<u>42,338</u>	<u>309,185</u>	<u>309,185</u>
Net Current Activity						
Operating Fund Only	<u>\$ 94,792</u>	<u>\$ (5,668)</u>	<u>\$ (5,668)</u>	<u>\$ 72,491</u>	<u>\$ 14,684</u>	<u>\$ 14,684</u>

About the Fund:

The Combined Utility System Fund is an enterprise fund which accounts for operation of the City's water and wastewater facilities. The fund provides for the operation of the City's treated and untreated water, as well as, receive and process wastewater generated in a service area that includes the City, certain municipalities and unincorporated communities in the Houston metropolitan area. Some of the City's largest customers are other cities and water authorities which supply water to their own customers.